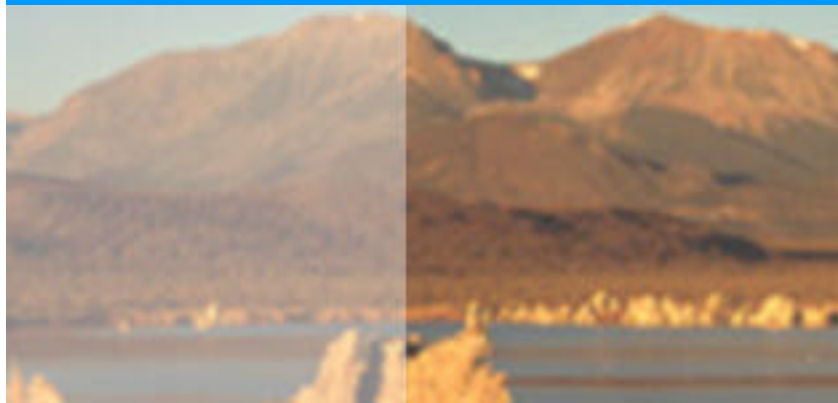


*NASFAA 2003: Reconnecting
With Students!*





The Return of Title IV Funds





Final Regulations

November 1, 2002

- Late disbursements/postwithdrawal disbursements
- Institutions required to take attendance
- Approved leave of absence
- Timely returns
- Transfer or re-entry students
- Recalculation required





Final Regulations

November 1, 2002

- Early implementation was permitted
- Clarification of an institution that is required to take attendance--must apply to all students who withdraw on or after the institution's implementation date
- Leave of absence changes--must apply to all students who are granted a leave of absence on or after the institution's implementation date





Late Disbursements/ Post-withdrawal Disbursements (PWDs)





Late disbursements/PWDs

Regulatory Changes

- Deadline for making late disbursements
- Clarification of must make vs. may make
- Conditions for a late disbursement-- SAR/ISIR





Late disbursements/PWDs

Deadline for making a late disbursement/PWD

Old Regulation

- 90 days

New Regulation

- 120 days
- May request past 120 days on exception basis if not student's fault





Late disbursements/PWDs

Clarification of must make vs. may make
MUST make:

- Student withdraws during period
- Student completes period

MAY make: Student doesn't withdraw, but drops below 1/2 time enrollment





Late disbursements/PWDs

Conditions for a late disbursement--SAR/ISIR

Old Regulation

- Must have received SAR/ISIR
- For Pell Grant, must have received valid SAR/ISIR
- SAR/ISIR required for PLUS loan

New Regulation

- SAR/ISIR with official EFC processed by ED
- Valid SAR/ISIR not required for Pell Grant eligibility
- SAR/ISIR not required for PLUS loan





Late disbursements/PWDs

If you are required to make a late disbursement/PWD of a loan and are concerned that it may increase the risk of default, we encourage you to advise the student about how the disbursement may affect his or her eligibility for additional Title IV aid and caution the student about loan debt.





Late disbursements/PWDs

- The conditions that make a student eligible for a late disbursement must be met before the student withdrew in order for Title IV aid to be considered “aid that could have been disbursed” and included in the Return of Title IV Aid calculation.
- However, if limitations apply, that aid may not be used to make a PWD.





Late disbursements/PWDs

The conditions that make a student eligible for a late disbursement are:

- ED processed SAR or ISIR with official EFC (not needed for PLUS)
- FFEL/Direct Loan-institution certified or originated the loan
- Perkins/FSEOG-institution made the award





Late disbursements/PWDs

Limitations--May not make a PWD with:

- Second or subsequent disbursements of FFEL/Direct Loan, unless student completed period
- FFEL/Direct Loan if student did not complete the 30-day delay period, if applicable
- Pell Grant unless received valid SAR/ISIR by the deadline in the Federal Register





Late disbursements/PWDs

An institution may not make a PWD later than 120 days after date institution determined student withdrew unless it has the approval of ED.





Late disbursements/PWDs

New guidance:

- Include second and subsequent disbursements of a loan in the calculation, even if you were prohibited from disbursing the funds
- But, if you were prohibited from disbursing, you may not actually make a post-withdrawal disbursement of those funds





An Institution that is Required to take Attendance





An institution that is required to take attendance

Old Regulation

- The Department determines whether an outside entity requires an institution to take attendance

New Regulation

- Determination is made by the outside entity





An institution that is required to take attendance

If you are required to take attendance for only some students, you are an institution that is required to take attendance for those students only.





An institution that is required to take attendance

- If you are required to take attendance for a limited period of time, you are an institution that is required to take attendance for that limited period of time only.
- Includes attendance for census date purposes if you are required to take attendance continuously for the period.





An institution that is required to take attendance

Remember, if the outside entity that imposes the requirement does not consider its requirement to require you to take attendance for the limited period of time, you are not an institution that is required to take attendance for the limited period of time.





An institution that is required to take attendance

- If you can demonstrate that a student is in attendance after the limited period and the student later withdraws, the withdrawal date is determined according to the requirements for institutions that are not required to take attendance.
- If not, the withdrawal date is the last date of academic attendance as determined by the institution from its attendance records.





Approved Leave of Absence (LOA)





Approved leave of absence

Regulatory Changes

- Criteria for granting LOAs
- Institution's written policy regarding requests from students
- Exemption from "begin where left off" requirement for clock-hour and nonterm credit hour program LOAs





Approved leave of absence

Old regulatory criteria for granting LOAs

- Generally, one LOA in a 12-month period
- One subsequent LOA of no more than 30 days permitted if necessary due to unforeseen circumstances
- Additional LOAs permitted for jury duty, military reasons, or circumstances related to FMLA
- Total LOAs in 12-month period not to exceed 180 days





Approved leave of absence

New regulatory criteria for granting LOAs

- Multiple LOAs permitted, total of all LOAs not to exceed 180 days in a 12-month period.





Approved Leave of Absence

Request from student

Old Regulation

- Institution's policy must require written, signed and dated request

New Regulation

- Institution's policy must require written, signed and dated request that includes the reason for the request





Approved Leave of Absence

Coursework upon return

Old Regulation

- All students returning from LOA must return to same point in coursework that were at when LOA began

New Regulation

- Students on LOAs from clock-hour and nonterm credit hour programs not required to begin where left off when return





Approved leave of absence

Repeat coursework upon return

- Student is still considered to be on a LOA
- No additional charges permitted
- If student never begins attendance at point left off = the withdrawal date is the date the LOA began (the date of determination would be the earlier of either the date of the end of the LOA or the date the student contacted the school and indicated that s/he would not be returning)





Timely Returns





Timely returns

Timeframe for return of funds

An institution must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 30 days after the date of the institution's determination that the student withdrew. (§668.22(j)(1))





Timely returns

Why is this so important?

- Affects students
- May affect your institution's financial responsibility evaluation





Timely returns

Why is this so important?

- If your institution's late returns equal or exceed 5% of the students in the reviewed sample, your institution must post a letter of credit to be financially responsible.
- Exception: There are only one or two late returns.





Timely returns

Regulatory Changes

- What it means to make a timely return
- Exceptional circumstances
- Letter of credit requirements
- Tolerance threshold





Timely returns

What it means to make a timely return

Institution does one of the following no later than 30 days after date determines student withdrew:

- Deposits or transfers the funds into the bank account it maintains for Federal funds
- Initiates an EFT
- Initiates an electronic transaction instructing an FFEL lender to adjust a loan for the amount of the returned funds
- Issues a check*





Timely returns

What it means to make a timely return

- *An institution is not considered to have issued a check within 30 days after the date it determines the student withdrew if:
- Institutions records show that the check was not issued by that date; OR
 - The date on the cancelled check shows that ED or FFEL lender bank endorsed the check more than 45 days after the date institution determines the student withdrew.





Timely returns

Exceptional circumstances

Allows for reconsideration of a finding if

- The institution believes the finding is a mistake;
OR
- Noncompliance is due to exceptional circumstances beyond the institution's control.

Request for reconsideration and documentation must be submitted no later than the date the LOC would be due.





Timely returns

Letter of credit requirements

LOC is due no later than 30 days after the earlier of the date that

- The compliance audit is due
- The OIG issues a final audit report
- The designated ED official issues a final program review determination
- ED or a guaranty agency issues a preliminary report showing untimely returns for more than 10% of sampled students
- ED sends written notice requesting LOC and explaining reasons for





Timely returns

Letter of credit requirements

Less than \$5,000 letter of credit due, not required to submit if demonstrate reserves of at least \$5,000 available at all times.





Timely returns

Tolerance threshold change

Old Regulation

- An institution is considered to meet the cash reserves requirement of the law if no more than one return is made untimely.

New Regulation

- An institution is considered to meet the cash reserves requirement of the law if no more than two returns are made untimely.





Transfer or Re-entry Students





Transfer or re-entry

Applies to:

- A credit hour non-term program; or
- A program that measures progress in clock hours.





Transfer or re-entry

- If re-entry is within 180 days of the day the student ceased attendance, the student is immediately eligible to receive all Title IV funds that were returned when the student previously ceased attendance as well as any funds for the period that were not disbursed because the student withdrew.





Transfer or re-entry

- If a student **transfers** into a credit hour nonterm or clock hour program, or **re-enters** a credit hour non-term or clock hour program **more than 180 days after the student withdrew**, the student starts a new payment period when he or she re-enters or transfers into the program.





Transfer or re-entry

- The school treats the hours remaining as if those hours comprise the student's entire program.
- If the remainder of a student's program is one-half of an academic year or less, the entire remaining period constitutes one payment period.





Transfer or re-entry

- A student's eligibility for Title IV aid may be subject to limitations.
- Example: Pell Grant-student may never receive more than scheduled annual award
- Example: FFEL-annual loan limits, existence of crossover loan periods, overlapping award years





Recalculation required





Recalculation required

Recalculation of a student's eligibility for Pell and campus-based funds is required when a student withdraws before beginning attendance in all classes for which the student was registered.





Recalculation required

- First you recalculate the student's eligibility for Pell Grant and campus-based aid
- Then, you perform a Return calculation based on the student's revised eligibility





Tech Slide

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